



WENDY L. WATANABE
ACTING AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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May 20, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy Watanabe*
Acting Auditor-Controller

SUBJECT: **CITY OF PASADENA – A DEPARTMENT OF PUBLIC HEALTH
HIV/AIDS PREVENTIVE CARE SERVICE PROVIDER**

We completed a fiscal review of the City of Pasadena (Agency), a Department of Public Health (DPH) HIV/AIDS preventive care service provider.

Background

The DPH's Office of AIDS Programs and Policy (OAPP) contracts with the City of Pasadena to provide HIV/AIDS medical and psychiatric outpatient services, medical case management, nutritional counseling and outreach services. The Agency is located in the Fifth District.

At the time of our review, the Agency had two cost reimbursement contracts with OAPP. The Agency received \$778,940 in OAPP funds from March 2006 to September 2007.

Purpose/Methodology

The purpose of our review was to ensure that the Agency appropriately charged OAPP for services provided in accordance with the County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with the contract and applicable federal and State fiscal guidelines governing the Ryan White,

"To Enrich Lives Through Effective and Caring Service"

Comprehensive AIDS Resource Emergency Act. In addition, we determined whether the Agency provided services to eligible participants.

Results of Review

Overall, the Agency maintained documentation to support services received and provided services to eligible participants. The Agency also appropriately recorded and deposited cash receipts timely in the Agency's bank account and allocated shared costs.

The Agency did not implement a client/patient fee determination system as required by the contract. In addition, the Agency did not obtain OAPP approval for four subcontractors the Agency used to provide services. The County contract states that subcontractors shall be approved by the County's OAPP Director or his/her authorized designee prior to providing services.

The details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with City of Pasadena management on April 9, 2008. In their attached response, the Agency agreed with our findings and recommendations. We also notified DPH of the results of our review.

We thank the City of Pasadena for their cooperation and assistance during this review. We will follow-up on our recommendations within six months. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Jonathan E. Fielding, MD, MPH, Director, Department of Public Health
Takashi Michael Wada, MD, MPH, Director, Pasadena Public Health Department
Public Information Office
Audit Committee

**HIV/AIDS PREVENTIVE AND CARE SERVICES
CITY OF PASADENA
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether the City of Pasadena (Agency) provided services to individuals that meet the eligibility requirements of the Office of AIDS Programs and Policy (OAPP).

Verification

We reviewed the case files for 15 program participants that received services from March 2006 to September 2007 for documentation to confirm their eligibility for OAPP services.

Results

The case files for all 15 program participants contained documentation to support the participants' eligibility to receive program services. However, the Agency did not implement a client/patient fee determination system, as required by the County contract. The County contract requires patient fees to be determined based on the client/patient's ability to pay. In establishing the fees, the Agency needs to implement a client/patient fee determination system which must be approved by OAPP.

Recommendation

- 1. The City of Pasadena management establish and implement a client/patient fee determination system and ensure that it is reviewed and approved by OAPP.**

CASH/REVENUE

Objective

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed the Agency's financial records. We also reviewed the Agency's May 2007 bank reconciliation.

Results

The Agency maintained adequate controls to ensure that revenue is properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations in this section.

EXPENDITURES**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 23 non-personnel expenditure transactions for April 2006 to May 2007, totaling \$58,477.

Results

Overall, the billings reviewed were allowable, properly documented and accurately billed.

Recommendation

There are no recommendations in this section.

INTERNAL CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed the Agency's personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, the Agency maintained sufficient internal controls over its business operations. However, the Agency did not always submit its monthly billings to the County within 30 days after month end. The Agency submitted its June 2007 billings to OAPP one month beyond the 30 day timeframe established by the County contract.

In addition, the Agency did not obtain OAPP approval for four subcontractors the Agency uses to provide services. The County contract states that subcontractors shall be approved by the County's OAPP Director or his/her authorized designee prior to providing services.

Recommendations

The City of Pasadena management ensure:

2. Billings to the County are prepared and submitted within thirty days after the close of each calendar month.
3. Subcontractors are approved by OAPP prior to the subcontractors providing services.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether the Agency's fixed assets and equipment purchases made with OAPP funds are used for the OAPP program and are adequately safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment listing. In addition, we performed a physical inventory of three items purchased totaling \$97,500.

Results

The Agency used the items for the HIV/AIDS program. In addition, the items were adequately safeguarded and properly tagged.

Recommendation

There are no recommendations in this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures for four (44%) of nine program employees totaling \$22,666 for April 2007 to the Agency's payroll records and time reports. We also reviewed four personnel files.

Results

The Agency's salaries were properly supported and appropriately charged to the OAPP program. The Agency also maintained personnel files as required by the County contract. However, three of the four personnel files reviewed did not contain authorized salary rates approved by management.

Recommendation

4. The City of Pasadena management ensure employee personnel files contain current authorized salary rates approved by management.

COST ALLOCATION PLAN**Objective**

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Agency's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency from April 2006 to May 2007 to ensure that expenditures were properly allocated to the Agency's programs.

Results

The Agency's Cost Allocation Plan complied with the County contract requirements. In addition, the Agency appropriately allocated shared costs.

Recommendation

There are no recommendations in this section.



PASADENA PUBLIC HEALTH DEPARTMENT
HIV/AIDS PROGRAMS AND SERVICES

May 6, 2008

Ms. Wendy L. Watanabe
Acting Auditor-Controller
County of Los Angeles Department of Auditor-Controller
500 W. Temple Street, Room 525
Los Angeles, CA 90012

Dear Ms. Watanabe:

RE: Plan of Corrective Action (POCA) for City of Pasadena- Public Health Department HIV/AIDS Preventive Care and Care Services Provider

Enclosed please find the Plan of Corrective Action (POCA) for the City of Pasadena Public Health Department HIV/AIDS Preventive Care and Care Services Provider in response to the fiscal review conducted in October 2007.

If you have questions, please contact me at (626) 744-6158.

Sincerely,

A handwritten signature in black ink, appearing to read "Angelica Palmeros", is written over a horizontal line.

Angelica Palmeros, MSW
Program Coordinator

Enclosures

cc: Takashi M. Wada, MD, MPH, Director/Health Officer, PPHD
Candy Jara, RN, Communicable Disease Control Division Manager, PPHD
Heidi Petersen-Leach, Deputy Director, PPHD
Susan Smith (OAPP)

1845 North Fair Oaks Avenue, Ground Floor, Pasadena, CA 91103

Test On Demand (TOD)
626.744.8037

Education and Prevention
626.744.6159

TAVOC (HE/RK)
626.744.6170

Healthy Minds & Healthy Bodies (CMCS)
626.744.6157

STD Community Intervention
626.744.6100

Andrea Escobedo (CHC)
626.744.6140

Surveillance
626.744.8000

**HIV/AIDS PREVENTIVE CARE AND CARE SERVICES
CITY OF PASADENA PUBLIC HEALTH DEPARTMENT
FISCAL YEAR 2007-2008**

ELIGIBILITY

Objective

Determine whether the City of Pasadena (Agency) provided services to individuals that meet the eligibility requirements of the Office of AIDS Programs and Policy (OAPP).

Verification

We reviewed the case files for fifteen program participants that received services from March 2006 to September 2007 for documentation to confirm their eligibility for OAPP services.

Results

The case files for all fifteen program participants contained documentation to support the participants' eligibility to receive program services. However, the Agency did not implement a client/patient fee determination system, as required by the County contract. The County contract requires patient fees to be determined based on the client/patient's ability to pay. In establishing the fees, the Agency needs to implement a client/patient fee determination system which must be approved by OAPP.

Recommendation

1. Agency management establish and implement a client/patient fee determination system and ensure that it is reviewed and approved by OAPP.

POCA Response

The Agency agrees with the finding and will be working in the development of a sliding fee scale, that will be determined by poverty rates, income levels and family size. The proposed sliding fee scale will be submitted to Office of AIDS Programs and Policy (OAPP) for their review by June 9, 2008. Pending approval and final review from OAPP, the Agency will - implement and integrate the patient/client sliding fee scale into the eligibility screening process. The Agency will also develop a policy to ensure this process is formalized and implemented in the clinic structure to ensure patient/client eligibility of care services.

CASH/REVENUE

Objective

Determine whether cash receipts are properly recorded in the Agency's financial records and deposited timely in the Agency's bank account. In addition, determine whether the Agency maintained adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed the Agency's financial records. We also reviewed the Agency's May 2007 bank reconciliation.

Results

The Agency appropriately recorded and deposited cash receipts timely into the Agency's bank account. The Agency also performed monthly reconciliations.

Recommendation

There are no recommendations in this section.

Expenditures**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 23 non-personnel expenditures for April 2006 to May 2007, totaling \$58,477.

Results

Overall, the billings reviewed were allowable, properly documented and accurately billed.

Recommendation

There are no recommendations in this section.

INTERNAL CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed the Agency's personnel, reviewed accounting policies and procedures manuals and tested transactions in various non-cash areas as expenditures, payroll and personnel.

Results

Generally, the Agency maintained sufficient internal controls over its business operations. However, the Agency did not always submit its monthly billings to the County within 30 days after the close of each month. The Agency submitted its June 2007 billings to OAPP one month beyond the 30-day timeframe established by the County contract.

In addition, the Agency did not obtain OAPP approval for four subcontractors the Agency uses to provide services. The County contract states that subcontractors shall be approved by the County's OAPP Director or his/her authorized designee's prior to providing services.

Recommendations

2. Ensure billing to the County are prepared and submitted within thirty days after the close of each calendar month.

3. Ensure that subcontractors are approved by OAPP prior to the subcontractors providing services.

POCA Response

2. The Agency will work with the City's Grants Accounting Division to ensure timely billing is completed and submitted to the County within 30 days after the close of each calendar month. Should the Agency find it cannot meet these terms for any given month; the Agency will contact OAPP to inform them of the reasons behind the delay and what actions are being taken to complete and submit the cost reports.

3. The Agency will receive approval to use subcontractors from OAPP prior to the subcontractor providing services to the Agency. The Agency will submit subcontract and consultant contract agreements to OAPP Director or his/her authorized designee prior to provision of services. The City of Pasadena Public Health Department will submit contract agreements from providers and consultants to OAPP by May 30, 2008 for the required approval process

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether the Agency's fixed assets and equipment purchase made with OAPP funds are used for the OAPP program and are adequately safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's equipment and inventory listing. In addition, we performed a physical inventory of three items purchased totaling \$97,500.

Results

The Agency used the items for the HIV/AIDS program. In addition, the items were adequately safeguarded and properly tagged.

Recommendation

There are no recommendations in this section.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures totaling \$22,666 for four (44%) of nine program employees for April 2007 to the payroll records and time reports. We also reviewed four personnel files.

Results

The Agency's salaries were properly supported and appropriately charged to the OAPP program. The Agency also maintained personnel files as required by the County contract. However, three of the four personnel files reviewed did not contain authorized salary rates approved by management.

Recommendation

4. Agency management ensure employee files contain current authorized salary rates approved by management.

POCA Response

The Agency agrees with the finding and agency management will review personnel files to ensure necessary documentation of authorized salary rates are timely and approved by management. Updates to salary rates are pending MOU negotiation and agreement with City of Pasadena Unions. New salary rates will be effective for the next three years.

The following links outline the MOU agreements with the City of Pasadena.

http://www.cityofpasadena.net/humanresources/MOU/MOU_PMA_05_08.pdf

http://www.cityofpasadena.net/humanresources/MOU/PMA_Schedule_of_Compensation_Rates.pdf

http://www.cityofpasadena.net/humanresources/MOU/MOU_PACTE_05_08.pdf

http://www.cityofpasadena.net/humanresources/MOU/PACTE_Schedule_of_Compensation_Rates.pdf

COST ALLOCATION PLAN**Objective**

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

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Results

The Agency's Cost Allocation Plan complied with the County contract requirements. In addition, the Agency appropriately allocated shared costs.

Recommendation

There are no recommendations in this section.